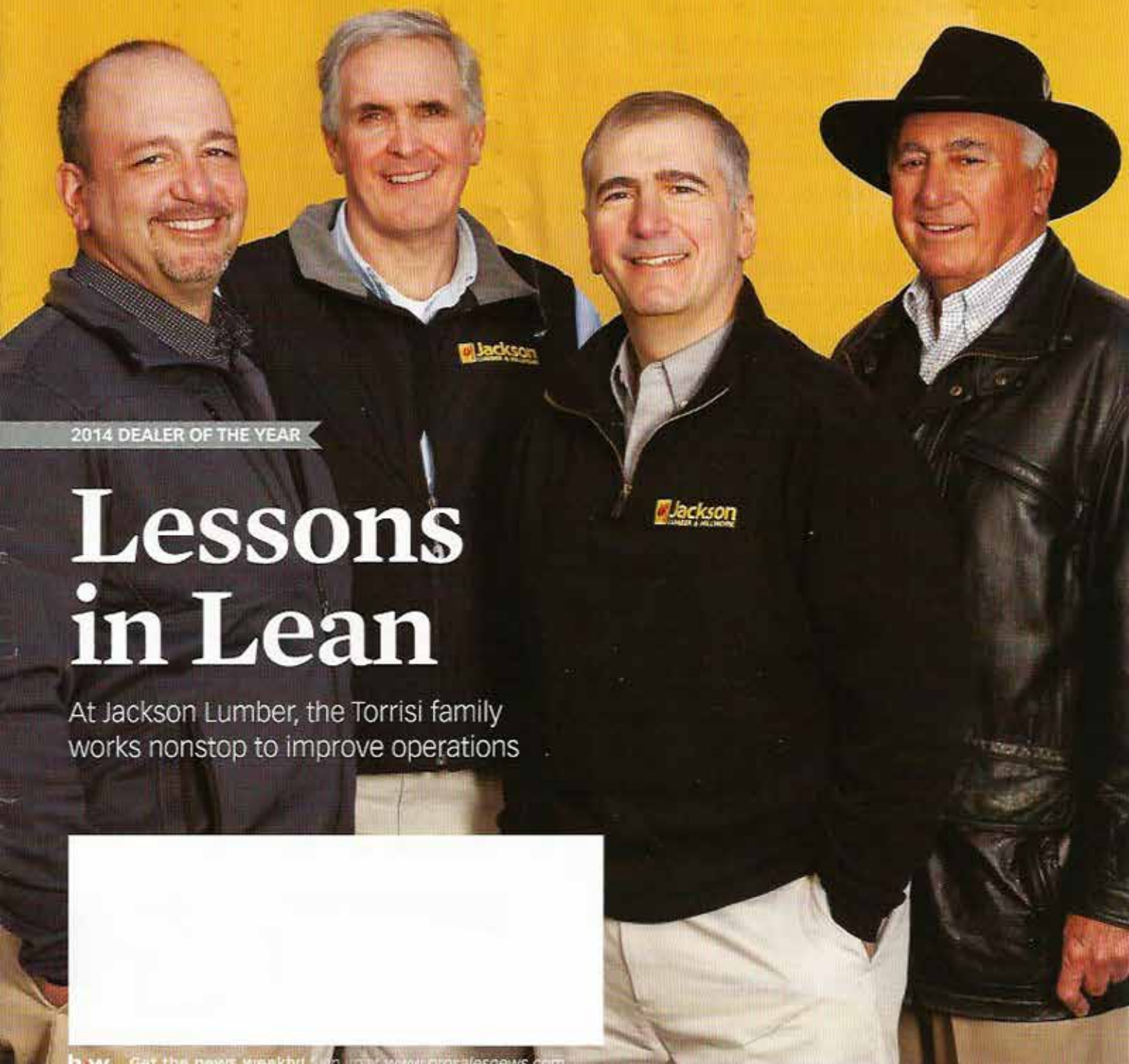


ProSales

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2014 DEALER OF THE YEAR

Lessons in Lean

At Jackson Lumber, the Torrisi family works nonstop to improve operations

DEALER OF THE YEAR

Going Lean in Lawrence

Jackson Lumber & Millwork stripped away wasted time and effort to create an efficient and profitable operation

Joe Torrissi stepped out onto the catwalk overlooking Jackson Lumber & Millwork's new door shop in Raymond, N.H., one day in 2006 and realized he had no idea what was happening on the plant floor.

"We thought that just moving to a new place would solve all our problems," says Joe, one of three Torrissi family members who manage the 67-year-old dealer based in Lawrence, Mass.

As vice president of operations, Joe spearheaded construction of the dealer's 52,000-square-foot millwork manufacturing and assembly plant. They had the

building, equipment, raw materials and skilled workers, but still, something was missing.

"They did a good job with the layout of the equipment and the way product was coming in and going out," says efficiency consultant Scott Morrison, of Scott Morrison Consulting, in Concord, N.H. "The problem was the way they were sequencing the work. It would take them, literally, a couple of weeks to process an order."

Door orders sometimes took so long to fulfill that sales manager Ernie Villers considered turning to outside vendors. "We'd been as much as two weeks," he says, "and

we had options of buying from vendors where I could get doors in three *days*."

Knowing they could do better, but not sure how—and realizing that long lead times irritated customers—Jackson Lumber's management team embarked on a months-long period of introspection guided by Morrison. They put in place a series of lean manufacturing principles that addressed the missing human element, that is, how workers interact with one another, the machines, and the inventory throughout the entire production process.

As a result, now a customer who places an order with Jackson Lumber

By Steve Campbell

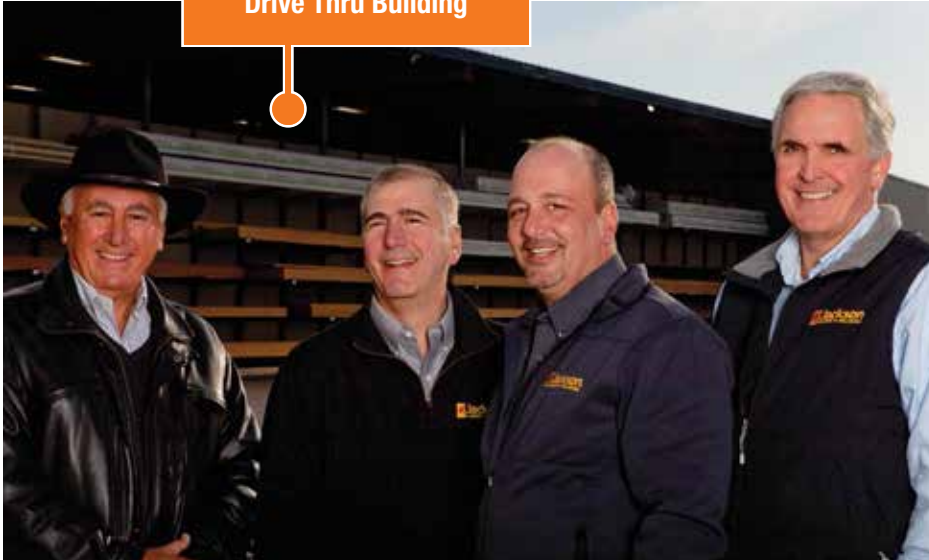
The Torrisis of Jackson
Lumber: (from left)
Mark, Joe, and Jay.

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Dealer of the Year

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Family Affair
Former company president Al Torrissi (far left) turned over management of the company to his sons, Jay and Mark, and nephew Joe two years ago.

by 10 a.m. on Monday can have that order delivered to his jobsite by 7:30 a.m. on Wednesday. “Order it. Build it. Ship it. Day in and day out, that’s the result of a lot of attention to systems and processes,” says management consultant Ruth Kellick-Grubbs of Kellick & Associates, in Tryon, N.C.

That attention to detail—the ability to quantify, measure, and analyze—ultimately revolutionized not just the performance of the door shop but other aspects of the business, such as sales and shipping, and earned Jackson Lumber & Millwork ProSales’ 2014 Dealer of the Year award.

Doorway to the Future

Jackson Lumber entered the pre-hung door business during the 1970s in a century-old two-story warehouse space at the company’s headquarters in Lawrence, about 30 miles north of Boston. In 2006, the company bought a former asphalt plant on 22 acres near the interstate in Raymond and built a door shop, a drive-through lumberyard, a small pro-oriented retail store, and an office.

The millwork shop builds 150 to 170 doors per day in an assembly-

line process using about 18 workers. The plant can turn out as many as 300 doors a day, as well as provide a variety of custom millwork services.

The Lawrence and Amesbury locations each feature a lumberyard, retail store, and showroom. And there is also a small kitchen design showroom, which occupies a spot next to a high-end grocery store at a shopping center in Andover, Mass.

Brothers Mark and Jay Torrissi, along with their cousin Joe, manage the company founded by their grandfather, Joseph A. Torrissi, in 1946 on Jackson Street in Lawrence. Mark and Jay’s father, Al, ran the company until a couple of years ago before retiring and handing day-to-day management over to the three younger men.

Respectful of tradition but open to new ideas—Mark, 46, Jay, 47, and Joe, 51—each brings different strengths to the company. Mark serves as company president and, being a natural salesman like his father, focuses on the lumber and building materials side of the business. Jay is the CFO to whom the other two defer in discussions over financial issues. And Joe runs the millwork shop.

Doing Business in the Melting Pot

Joseph A. Torrissi founded Jackson Lumber & Millwork in 1946 on Jackson Street in Lawrence, Mass., an immigrant town of Italians, Poles, Lithuanians, Irish, and other nationalities.

“At that time, at least in our community, people tended to patronize companies owned by people of their own nationality,” says Al Torrissi, former company president and son of the founder. Joseph felt it was important to appeal to all nationalities, Al says. And naming the company Jackson Lumber did attract a wider range of customers.

Al grew up in the business, and by his 40s was ready to take the reins when Joseph retired at 75. Two years ago, Al, in turn, stepped down to make way for his two sons and nephew to take over.

Al’s sons, Mark and Jay, also grew up in the business. “I was 10 when I started working here,” Jay says. “My first job was to go down to the basement and clean the bathroom.”

“We probably didn’t realize it at the time,” Mark adds, “but we were learning a lot about what it takes to run a business from the ground up and what our team goes through every day. I can relate to what a stager is doing as he drives a forklift or what the guys on the door line are doing, the problems they may have, because I’ve done those jobs. It helps create a level of understanding.”

Dealer of the Year

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On the Line
Jim Kelley and Jonathan Bauer build doors on the assembly line at Jackson Lumber's plant in Raymond, N.H.

"They're methodical and systematic about the business," Kellick-Grubbs says of the Torrissi trio. "They're really focused on what matters most. If it doesn't matter to the customer, they're not going to focus on it."

Getting Lean

The town of Lawrence, on the Merrimack River, at one time was a bustling manufacturing town with six lumberyards. Over the last half century, the local economy deteriorated as the mills closed. The other lumberyards went out of business too, leaving Jackson Lumber the only game in town.

Recent economic redevelopment efforts are turning the half-mile-long former garment factories along the river into white-collar enclaves of retail and service jobs and upscale urban apartments and condos. Shoe maker New Balance opened a plant there, and the town has a thriving health care industry.

Jackson Lumber serves an area that encompasses a 60-mile radius from Boston to Worcester, Mass., and New Hampshire to southern Maine. With three lumberyards and retail stores, a kitchen showroom,

and the door shop, the company reported 2013 sales of \$65.5 million and expects to do \$73 million in 2014. The overall 2013 sales number breaks down to about 52% from building material sales; 35% to 40% from millwork, which includes doors and windows; 5% from kitchens; and 3% from retail sales.

With a few exceptions, Jackson Lumber has been profitable for most of the firm's nearly seven decades in business, with 2013 representing the 20th profitable year in a row.

But that hasn't stopped the drive to keep improving the company and seeking better ways to do business.

While on a tour of Wheeler's Building Supply, in Rome, Ga., Joe came across the idea of lean manufacturing, a concept based on the Kaizen business philosophy, which focuses on the continuous improvement of all business processes, from engineering to manufacturing to business management, largely by eliminating waste. First used by Japanese automakers after the World War II, Kaizen was significant in the competitive success and transformation of Japan's auto industry.

Morrison spent several weeks at Jackson Lumber timing the production process, working backward from shipping to sales to receiving raw product. Talking with workers on the production floor, he noted, among other problems, that workers lost time hunting for inventory, searching for tools, and switching out machines to accommodate the various types of doors being made on any given day.

Some improvements were simple, such as putting door hardware in easily accessible bins within reach of the station where they are attached to the doors, or drawing the outline of tools—hammers, brooms, shovels—in the place where they're stored so they are always returned to the same spot. Other improvements involved changing the way the sales department processes orders, how shipping stages finished orders, and how the door shop manages inventory and preps work.

One key change to production streamlined the order in which doors are made. Rather than working from one customer order to the next—resetting machines a dozen times or more a day to handle each of the different door types in a particular invoice—Jackson Lumber switched to making all the doors of one type, from multiple orders, at a time before adjusting the equipment to make doors of a different type.

And more focus was put on preparation: At day's end, the staff begins preparing for the next day's production run, cutting trim to place in bins along the line where it's attached to door frames, lining up the number of doors needed by type, and restocking materials. The next morning, after workers punch in, production starts without delay.

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Team Works

Running the show at Jackson Lumber are (from left) Ernie Villers, outside sales; Christian Derderian, commercial doors; Don Piccirillo, IT; Mark Torrissi, president; Al Torrissi, chairman; Joe Torrissi, executive VP; Jay Torrissi, CEO & CFO; and Joe Parisi, retail sales.

Giving Back

The Torrissi often host tours of their operations for others in the LBM industry. They're open about the lean process and what it has meant for their company. Though most of the changes involved the manufacturing process, Mark notes that, at its core, Jackson Lumber, like most dealers, is a distribution business, and anything that improves the way product moves through the company and out to the customer positively affects the bottom line.

Al, Mark, and Jay have served in leadership positions in local and regional LBM associations and take part in roundtable discussions and other industry forums. In addition, Jackson's managers are active in the local community, serving on the board of a homeless shelter and providing support to building trade vocational programs at local schools.

Numbers Matter

The lean changes produced real results in improved productivity, not just in the door shop but throughout the company. For instance, by reorganizing the shipping depart-

ment, Jackson cut turnaround times for the truck fleet from 45 minutes to 23. Quicker turnaround means more deliveries per day. Also, improved delivery performance gives the sales team confidence to tell a customer that an order will indeed show up when promised.

The Torrissi monitor company performance using a variety of metrics collected by a proprietary software system created in-house. Technology chief Don Piccirillo worked alongside Joe Torrissi and Scott Morrison throughout the lean process to rewrite code to make the system more efficient, track the changes in production and other processes, and then deliver that data to managers.

Each manager uses a dashboard of reports that track performance. The dispatcher follows turnaround times and on-time delivery by time slots. Production managers monitor man-hours-by-payroll versus billed, as well as the next two days' scheduled working hours in the shop. The sales manager watches open orders, orders written, and on-time in-full ratios.

Jackson displays various metrics on TVs in the break room and on whiteboards in the shop to let employees know how their departments are performing. The door crew, for example, monitors productivity so they know whether they need to pick up the pace to make sure the day's work gets done in time.

"Measuring results gives instantaneous feedback to the staff," Mark says. "The guys look at the scoreboard and say, 'Yep, I did my job. We got everything done they asked us to do, on time and in full.'"

Kellick-Grubbs says that many companies regard data as little more than a means of keeping score: It tells them whether they're losing, but they don't know how to use the data to become winners. Jackson Lumber is different.

"What they've done, very successfully," she says, "is to create a way to capture the data points and push them out to their people to understand what they mean and their importance, and also to connect in real time to influence performance."

She says that when Jackson talks about "On Time, In Full" (OTIF), it's serious. The company sets a high standard for its OTIF score, which is currently above 90%. If a truck leaves the yard short one box of screws, the entire load fails. It may be on time, but it's not full by its definition, which is that everything the customer ordered is on the truck. "I don't have to be 100% all of the time, but I want to be 100% a lot of the time," Joe says.

Throughout the ongoing self-evaluation, the company learned that the lean process is not a one-and-done phenomenon but a quest for constant evolution and adaptation. "You can't be afraid to fail, and you can't be afraid to take a risk," Morrison says.

The folks at Jackson Lumber & Millwork fear neither.